



**North Carolina Department of Health and Human Services
Division of Mental Health, Developmental Disabilities and Substance Abuse Services**

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Michael F. Easley, Governor
Carmen Hooker Buell, Secretary

Arthur J. Robarge, Ph.D., MBA, Acting Director

March 1, 2001

MEMORANDUM

TO: Area Program Directors

FROM: Phillip Hoffman, Chief Budget Officer
Martha Kaufman, Child & Family Section Chief

SUBJECT: Allocation of Children's Residential Treatment and At-Risk Children's Funds

In order to make state policies as compatible as possible, a number of changes have been made to the At-Risk Children's Program simultaneously with the Medicaid changes. Attached is a copy of the memorandum of December 13, 2000 from Martha Kaufman and Charles Davis and a copy of the memorandum of February 7, 2001 from James B. Edgerton for additional information on the changes to the At-Risk Program.

At-Risk Budget Changes:

Attached is a schedule of the revised Area Program At-Risk Children (ARC) allocation amounts for SFY00-01 which were previously allocated on July 7, 2000. The new amounts reflect changes in the Medicaid Program and state-level planning for new Residential Treatment services for children discussed elsewhere in this memorandum. There will now be three fund reserves in each Area Program's At-Risk budget: 1) the current single-fund reserve, 2) the new Residential Treatment services reserve and 3) the new Non-Residential Treatment services reserve.

NOTE: Single-Fund reserve amounts are only available for services provided prior to March 1, 2001. The Residential/Non-Residential reserve amounts are only available for services provided March 1, 2001 through June 30, 2001.

Several changes to the base amounts allocated have been made. They are:

- ◆ As stated in the December 13th memorandum, an amount of \$3 million has been transferred from the Residential Treatment appropriation to DMA for the purpose of paying the non-federal share of Psychiatric Residential Treatment (PRTF) costs.
- ◆ An additional amount of \$1,442,500 has been transferred from the At-Risk Children's appropriation to DMA to provide the non-federal share of the increased costs to Medicaid of the rate increases described herein. These amounts, while no longer allocated through the Area Programs, represent a dollar for dollar savings to the At-Risk Program and will not cause a reduction in services.
- ◆ An amount of \$750,000 has been reserved for use by the Division of Social Services for room and board for children in DSS custody. These funds will be paid out to providers through the DSS Foster Care system.

New At-Risk budgets will be entered into the on-line system by March 1 reflecting these changes. These new budgets will also include the following new services:

Area Program Directors



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At-Risk Service Codes and Definitions:

There have also been several changes to the ARC services. Residential Treatment Level III has now been replaced with new services; they are Residential Treatment Level III - 4 beds or less and Residential Treatment Level III - 5 beds or more. Also, Residential Treatment Level IV has now been replaced by Residential Treatment Level IV – 4 beds or less and Residential Treatment Level IV – 5 beds or more. In addition to the treatment codes, a new set of codes for Room and Board will be added to allow Area Programs to pay and bill for room and board for non-DSS custody children who are receiving Residential Treatment. These codes and applicable rates will be:

◆ Room and Board – Level II – Age 5 or less	\$10.50/day
◆ Room and Board – Level II – Ages 6-12	\$12.17/day
◆ Room and Board – Level II – Ages 13 or Higher	\$13.83/day
◆ Room and Board – Level III/IV – 4 Beds or Less	\$43.00/day
◆ Room and Board – Level III/IV – 5 Beds or More	\$33.00/day

Administration:

It is the Department's intent for the rates described in the attached memorandum for Medicaid and At-Risk Program residential services to be paid in full to actual providers without reduction by the Area Program for administrative overhead. Thus, whether the service is billed directly by the provider to Medicaid, or billed by the Area Program to Medicaid or to the At-Risk Program, 100% of the rate paid shall be paid to the provider.

In order to reimburse the Area Program for administrative costs related to the direct billed services, we have agreed with DMA and a Council work group to add 2% to all Area Program unit payments for Medicaid Y-code services. We will add the same 2% to each of the At-Risk service rates (except for Room and Board). A revised At-Risk Services rate chart is attached incorporating these rates. These rates will be added to the new Area Program budgets with effective dates of March 1, 2001.

In addition, System of Care responsibilities of Area Programs (working with collaboratives, etc.) may be charged to the At-Risk budget as non-UCR amounts, up to a maximum of 5% of the total At-Risk allocation. Any such Non-UCR allocation must be transferred from one of the two UCR fund reserves. If the Area Program desires to budget for these activities in this way, please submit a written request to the Regional Service Manager (RSM) noting the desired amount and the fund reserve(s) from which to transfer. The RSM will forward the request to Raleigh for a quick turnaround. Please remember that payment for non-UCR amounts will only be made based on documentation of time and expenses incurred, and those expenses **must not** be double charged to the At-Risk budget at year-end settlement. Each of these services will be added to all Area Program budgets with the Area Program provider code and the new applicable rates.

Revenue Adjustment Changes:

As described in the December 13 memorandum, Area Programs should no longer bill Medicaid for the same services billed to the At-Risk Program. The Division will also cease revenue adjustment for anticipated revenues to offset the At-Risk Program payments. This change will be made effective March 1. Therefore, for services provided prior to March 1 (under the original single fund reserve) should bill both At-Risk and Medicaid for allowable services to clients that are eligible for both programs. The state revenue adjustment procedure will be in effect for those services and payments. For all services provided from March 1 forward, no duplicate billing should be done and no revenue adjustment will be done.



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If you have questions concerning the information stated above, please contact Stephanie Alexander, Child & Family Services at (919) 571-4887.

Attachments

- I. Area Program At-Risk Children Allocation Amounts for SFY 00-01 Revised 3/1/2001
- II. Revised Type of Service and Fund Reserve for SFY 00-01
- III. Statewide UCR Rate Schedule for At-Risk Children Services SFY 00-01

cc: Area Program Finance Officers
Regional Accountants
Controller's Office
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Art Robarge
Charles Davis
Elizabeth Brown
Wanda Mitchell
Linda Gunn-Jones
Joan DeBruyn
Stephanie Alexander
Charles Pryzant
Carol Duncan
Jim Panton



ATTACHMENT II

REVISED TYPE OF SERVICE AND FUND RESERVE FOR SFY 00-01 (FUND RESERVE 7000 WILL HAVE AN END DATE OF 1/31/2001)

TYPE OF SERVICE CODE	TYPE OF SERVICE DESCRIPTION	UNIT TYPE CD	FUND RESERVE 7/1/00 to 02/28/2001	FUND RESERVE 3/1/2001 to 06/30/2001
100	CASE MANAGEMENT	3	7000	7000/9000
101	CASE MANAGEMENT SUPPORT	3	7000	7000/9000
110	OUTPATIENT CLINICAL SERVICES	3	7000	7000/9000
111	OUTPATIENT CLINICAL SERV. SUP.	3	7000	7000/9000
114	HRI PERIODIC	3	7000	7000/9000
115	HRI PERIODIC SUPPORT	3	7000	7000/9000
116	OUTPATIENT CLINICAL GROUP	3	7000	7000/9000
117	HRI PERIODIC GROUP	3	7000	7000/9000
120	PARAPROFESSIONAL SERVICES	3	7000	7000/9000
121	PARAPROFESSIONAL SUPPORT	3	7000	7000/9000
213	RESPIRE SERVICES	1	7000	7000/8000
214	FOSTER CARE(NON-MEDICAID)	1	7000	7000/8000
215	FAMILY TYPE RESID TX LEVEL I	1	7000	7000/8000
216	FAMILY TYPE RESID TX LEVEL II	1	7000	7000/8000
220	PROGRAM TYPE RESID LEVEL II	1	7000	7000/8000
221	GROUP HOME - MODERATE NON-MED	1	7000	7000
222	PROGRAM TYPE RESID LEVEL III	1	7000	7000
223	RESIDENT TX SECURE LEVEL IV	1	7000	7000
224	GROUP LIVING - SPECIALIZED	1	7000	7000/8000
225	CRISIS STABILIZATION - SHORT	1	7000	7000/8000
226	RESIDENT TX LEVEL III-1-4 BEDS	1		8000
227	RESIDENT TX LEVEL III-5+ BEDS	1		8000
228	RESIDENT TX LEVEL IV-1-4 BEDS	1		8000
229	RESIDENT TX LEVEL IV-5+BEDS	1		8000
230	PSYCHIATRIC RESIDENTIAL FACILITY	1		8000
232	ROOM & BD LEV III/IV 1-4 BEDS	1		8000
233	ROOM & BD-LEVEL III/IV-5+BEDS	1		8000
234	ROOM & BD LEV II AGE 5 OR LESS	1		8000
235	ROOM & BD LEV II AGES 6-12	1		8000
236	ROOM & BD LEV II-AGE 13 AND UP	1		8000
250	PSYCHIATRIC HOSPITALIZATION	1	7000	7000/8000
252	MEDICAL HOSPITALIZATION	1	N	N
260	DETENTION/JAIL	1	N	N
261	ADULT CORRECTIONS/PRISON	1	N	N
262	TRAINING SCHOOL	1	N	N
270	OTHER UNACCOUNTABLE	1	N	N
310	DEVELOPMENTAL DAY	1	N	N
320	EDUCATION - PUBLIC/PRIVATE	1	7000	7000/9000
321	EDUCATION AT A RESIDENTIAL FAC	1	N	N
330	DAY TREATMENT/EDUCATION	2	7000	7000/9000
340	VOCATIONAL EDUCATION	2	7000	7000/9000
350	VOCATIONAL PLACEMENT	2	7000	7000/9000
360	BEFORE/AFTER SCHOOL PROGRAM	2	7000	7000/9000
370	SPECIALIZED SUMMER PROGRAM	2	7000	7000/9000

FUND RESERVE KEY: **7000-AT RISK CHILDRENS' FUND**
 8000-RESIDENTIAL TREATMENT
 9000-NON-RESIDENTIAL SERVICES

UNIT TYPE
CODE KEY: **1=DAY**
 2=CLIENT
 3=STAFF

ATTACHMENT III

STATEWIDE UCR RATE SCHEDULE FOR AT-RISK CHILDREN SERVICES SFY 00-01

	SFY 00-01		
SERVICE OBJECTIVE	SERVICE TYPE	7/1/00 - 2/28/01 STATEWIDE RATE	3/1/01 - 6/30/01 STATEWIDE RATE
100/101	CASE MANAGEMENT	\$44.80	\$45.70
110/111	OUTPATIENT CLINICAL SERVICES	\$58.55	\$59.72
116	OUTPATIENT CLINICAL SERVICES -GROUP	\$15.49	\$15.80
114/115	HRI - P	\$25.16	\$25.66
117	HRI - P GROUP	\$8.39	\$8.56
120/121	PARAPROFESSIONAL SERVICES	\$24.98	\$25.48
210	CLIENT AT HOME	N	N
211	LIVING INDEPENDENTLY	N	N
212	ON THE RUN	N	N
213	RESPITE	\$66.58	\$67.91
214	FOSTER CARE (NON-MEDICAID)	N	N
215/216	FAMILY TYPE RESIDENTIAL (LEVELS I & II)	\$84.97	N
220	PROGRAM TYPE RESIDENTIAL (LEVEL II)	\$250.00	N
222	PROGRAM TYPE RESIDENTIAL - HIGH (LEVEL III)	\$250.00	N
221	GROUP LIVING (Non-Medicaid)	\$250.00	N
223	RESIDENTIAL TREATMENT - SECURE (LEVEL IV)	\$250.00	N
224	GROUP LIVING - SPECIAL	\$250.00	N
225	CRISIS STABILIZATION - SHORT	Submit Rate Request	Submit Rate Request
226	RESIDENTIAL TREATMENT - LEVEL III (1-4 BEDS)	N	\$238.68
227	RESIDENTIAL TREATMENT - LEVEL III (5 + BEDS)	N	\$190.74
228	RESIDENTIAL TREATMENT - LEVEL IV (1-4 BEDS)	N	\$238.68
229	RESIDENTIAL TREATMETN - LEVELIV (5 + BEDS)	N	\$190.74
230	PSYCHIATRIC RESIDENTIAL FACILITY	MEDICAID RATE	MEDICAID RATE
232	ROOM & BOARD LEVEL III/IV (1-4 BEDS)	N	\$43.86
233	ROOM & BOARD LEVEL III/IV (5 + BEDS)	N	\$33.66
234	ROOM & BOARD LEVEL II (AGE 5 OR <)	N	\$10.71/DAY
235	ROOM & BOARD LEVEL II (AGE 6-12)	N	\$12.41/DAY
236	ROOM & BOARD LEVEL II (AGE 13 +)	N	\$14.11/DAY
241	WILDERNESS CAMP	N	Submit Rate Request
244	RECREATIONAL CAMP OVERNIGHT	N	Submit Rate Request
250	PSYCHIATRIC HOSPITALIZATION	MEDICAID RATE	MEDICAID RATE
252	MEDICAL HOSPITALIZATION	MEDICAID RATE	MEDICAID RATE
330	DAY TREATMENT	\$25.63	\$26.14
360	BEFORE/AFTER SCHOOL	\$14.03	\$14.31
370	SPECIALIZED SUMMER PROGRAM	\$8.96	\$9.14
340	VOCATIONAL EDUCATION	\$7.53	\$7.68
350	VOCATIONAL PLACEMENT	\$17.16	\$17.50

(1) 3/1/01-6/30/01 Statewide Rate - Rates include additional 2% increase agreed upon by the DMA and Council work group to cover Area Program administrative cost related to the direct bill services.

(2) All requests for rates above the Statewide Average Rate must be accompanied by a Detail Rate Setting Budget form. The residential rates effective 3/1/01 - 6/30/01 are not eligible for increases.

(3) "Medicaid Rate" means that Inpatient hospital providers will be reimbursed at the hospital's approved Medicaid rate.